



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY:

Notice is hereby given of the final approval of proposed information collections by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 CFR 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instrument(s) are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance Officer, Cynthia Ayouch, Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

OMB Desk Officer, Shagufta Ahmed, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW., Washington, DC 20503.

Final approval under OMB delegated authority of the implementation of the following information collection:

Report title: Complex Institution Liquidity Monitoring Report and Liquidity Monitoring Report.

Agency form number: FR 2052a and FR 2052b.

OMB control number: 7100-to be assigned.

Frequency: FR 2052a: Daily, twice a month, and on occasion. FR 2052b: monthly and quarterly.

Effective dates: FR 2052a: September 11, 2014.

FR 2052b: November 30, 2014, for monthly reporters and December 31, 2014, for quarterly reporters.

Respondents: FR 2052a: U.S. Bank Holding Companies (BHCs) that the Financial Stability Board designated as Global Systemically Important Banks (G-SIBs)¹ and foreign banking organizations (FBOs) with U.S. broker-dealer assets > \$100 billion. FR 2052b: U.S. BHCs (excluding G-SIBs) with total consolidated assets > \$50 billion (including FBO subsidiaries) and U.S. BHCs (not controlled by FBOs) with total consolidated assets of \$10 billion - \$50 billion.

Estimated annual reporting hours: FR 2052a: 433,280 hours. FR 2052b: 62,640 hours.

Estimated average hours per response: FR 2052a: One-time implementation, 160 hours; U.S. BHCs that the Financial Stability Board designated as G-SIBs, 200 hours; FBOs with U.S. broker-dealer assets > \$100 billion complete form, 200 hours; FBOs with U.S. broker-dealer assets > \$100 billion abbreviated form, 60 hours; Ad-Hoc, 100 hours.

FR 2052b: One-time implementation, 480 hours; U.S. BHCs (excluding G-SIBs) with total consolidated assets > \$50 billion (including FBO subsidiaries), 60 hours; U.S. BHCs (not controlled by FBOs) with total consolidated assets of \$10 billion - \$50 billion, 60 hours.

Number of respondents: FR 2052a: U.S. BHCs that the Financial Stability Board designated as G-SIBs, 8; FBOs with U.S. broker-dealer assets > \$100 billion complete form, 8; FBOs with U.S. broker-dealer assets > \$100 billion abbreviated form, 8; Ad-Hoc, 16.

FR 2052b: U.S. BHCs (excluding G-SIBs with total consolidated assets > \$50 billion (including FBO subsidiaries), 24; U.S. BHCs (not controlled by FBOs) with total consolidated assets of \$10 billion - \$50 billion, 47.

General description of report: This information collection is authorized pursuant to section 5 of the Bank Holding Company Act (12 U.S.C. § 1844), section 8 of the International Banking Act (12 U.S.C. § 3106) and section 165 of the Dodd Frank Act (12 U.S.C. § 5365) and are mandatory. Section 5(c) of the Bank Holding Company Act authorizes the Board to require BHCs to submit reports to the Board regarding their financial condition. Section 8(a) of the International Banking Act subjects FBOs to the provisions of the Bank Holding Company Act. Section 165 of the Dodd Frank Act requires the Board to establish prudential standards for certain BHCs and FBOs; these standards include liquidity requirements. The individual financial institution information provided by each respondent would be accorded confidential treatment under exemption 8 of the Freedom of Information Act (5 U.S.C. § 552(b)(8)). In addition, the institution information provided by each respondent would not be otherwise available to the public and is entitled to confidential treatment under the authority of exemption 4 of the Freedom of Information Act (5 U.S.C. §§ 552(b)(4)), which protects from disclosure trade secrets and commercial or financial information.

¹ A list of G-SIBs is available at http://www.financialstabilityboard.org/publications/r_131111.pdf.

Abstract: The FR 2052a and FR 2052b reports collect quantitative information on selected assets, liabilities, funding activities, and contingent liabilities on a consolidated basis and by material entity subsidiary. These reports will be used to monitor the overall liquidity profile of certain U.S. BHCs and FBOs, with the frequency and form of collection determined by the asset size of the organization. These data will also provide detailed information on the liquidity risks within different business lines (e.g., financing of securities positions and prime brokerage activities). In particular, this information will serve as part of the Federal Reserve's supervisory surveillance program in its liquidity risk management area and will provide timely information on firm-specific liquidity risks during periods of stress. Analysis of both systemic and idiosyncratic liquidity risk issues will then be used to inform the Federal Reserve's supervisory processes, including the preparation of analytical reports that detail funding vulnerabilities.

Current Actions: On September 19, 2013, the Federal Reserve published a notice in the *Federal Register* (78 FR 57634) requesting public comment for 60 days on the implementation of the FR 2052a and FR 2052b. The comment period expired on November 18, 2013. The Federal Reserve received eight comment letters addressing the proposed implementation of this information collection. The comments are summarized and addressed below.

Summary of Public Comments

The Federal Reserve received eight comment letters on the proposed implementation of the FR 2052a and FR 2052b: two from trade organizations, four from commercial banks, and two from FBOs. In general, comments focused on scope of application (respondent panel threshold), the implementation schedule, frequency of reporting, certification requirements, confidentiality, burden, interaction with provisions of other existing information collections, proposed ad-hoc data collection, and future initiatives. The substantive comments are discussed in detail below. In addition, the Federal Reserve has revised the reporting forms and instructions, as appropriate, in response to technical comments received.

A. Proposed Scope of Application (Respondent Panel Threshold)

1. Thresholds for U.S. BHCs and FBOs

The Federal Reserve proposed the following thresholds.

- The following entities would submit the FR 2052a:
 - U.S. BHCs that the Financial Stability Board has designated as Global Systemically Important Banks (G-SIBs).
 - FBOs with U.S. broker-dealer assets greater than \$100 billion.
- The following entities would submit the FR 2052b:
 - U.S. BHCs (excluding G-SIBs) with total consolidated assets greater than \$50 billion.
 - U.S. BHCs with total consolidated assets equal to \$10 billion or more, but no greater than \$50 billion.

- FBOs with total U.S. assets greater than \$50 billion and U.S. broker-dealer assets less than \$100 billion.
- For research purposes and anticipated future enhancements of the FR 2052a, additional ad-hoc reporting of items not included on the proposed FR 2052a would have been requested of up to 16 respondents with a reporting schedule provided 30 days prior to the first data submission.

A commenter requested further clarification on the calculation of total broker-dealer assets for determining whether an FBO would be subject to the FR 2052a or the FR 2052b, and also when and how the FBO must inform the Federal Reserve about the size of the broker-dealer assets as it gets closer to the threshold. Another commenter requested that the Federal Reserve confirm that the reporting thresholds specified in the proposal refer to a broker-dealer's total consolidated assets. The Federal Reserve clarified the FR 2052a instructions to note that the asset threshold for FBOs to report on the FR 2052a is based on the total consolidated assets of an FBO's U.S. broker-dealer subsidiaries. In addition, the Federal Reserve clarified that all asset thresholds for the reporting forms would be based on total consolidated assets for all U.S. BHCs and total U.S. assets for FBOs. These clarifications are consistent with other reporting and regulatory requirements and with the intent of the proposed requirements.

One commenter requested that the Federal Reserve delay the effective date for application of the reporting requirements to the U.S. intermediate holding companies (IHCs) that FBOs will be required to form under Regulation YY.² This commenter asserted that FBOs would need additional time to take the necessary actions to ensure compliance with the FR 2052 reporting requirements as applied to IHCs. This commenter also requested that the Federal Reserve publish for comment a proposal incorporating IHCs into the FR 2052 reporting regime after issuance of the final rule requiring IHCs. IHCs are not required to submit FR 2052 reports at this time. As noted below, the Federal Reserve anticipates modifying the liquidity reporting requirements to align, as appropriate, with any final liquidity regulatory requirements, public disclosure requirements, and with the recently finalized enhanced prudential standards in Regulation YY, including potential reporting requirements for IHCs. As such, the Federal Reserve will not delay the effective date for application of the reporting requirements to FBOs.

One commenter asserted that it is not appropriate to include U.S. BHCs with total consolidated assets of \$10 billion to \$50 billion in the scope of the reporting requirements, particularly since these BHCs were excluded from the scope of the Federal Reserve's proposal to establish a minimum liquidity coverage ratio (LCR) requirement for BHCs with \$50 billion or more in total consolidated assets. The commenter requested that the Federal Reserve remove these entities from the scope of the information request. The Federal Reserve notes that, while some data elements required to construct the LCR metric may appear in the FR 2052b report, the FR 2052b report is not currently designed for LCR

² 79 FR 17240 (March 27, 2014). FBOs with \$50 billion or more in global consolidated assets and with \$50 billion or more in U.S. assets are required to establish an IHC to hold the FBOs entire ownership interest in all U.S. subsidiaries, including bank and broker-dealer subsidiaries.

implementation, calculation, or reporting, but was designed to enable supervisors to monitor liquidity risk. The Federal Reserve believes that the FR 2052b would serve as an important part of the Federal Reserve's supervisory surveillance program in its liquidity risk management area and provide timely information on firm-specific liquidity risks during periods of stress for institutions of this size. Therefore, the Federal Reserve will not exclude U.S. BHCs (that are not controlled by FBOs) with total consolidated assets of \$10 billion to \$50 billion from the requirement to report on the FR 2052b.

The Federal Reserve anticipates making significant changes to the liquidity reporting requirements in the near-to-medium term following finalization of the FR 2052a and FR 2052b. For this reason, only FBOs with more than \$100 billion in U.S. broker-dealer assets will be subject to the FR 2052a reporting requirements as their greater systemic importance in the U.S. financial system necessitates regular liquidity reporting from their U.S. operations. All other FBOs will be relieved from the requirement to submit the FR 2052b at this time, but would continue to provide supervisors with information regarding their liquidity position through the examination process upon request. Additionally, the Federal Reserve will not require the FR 2052b report from U.S. BHCs with total consolidated assets of \$10 to \$50 billion that are controlled by FBOs at this time, pending further development and observation of the liquidity reporting regime.

In addition, the Federal Reserve may exempt a banking organization (or one of its subsidiaries that is required to report) from reporting on the FR 2052a or FR 2052b, based on the liquidity risk profile of the organization. The Federal Reserve continues to believe that, in general, the proposed scope of application for both reports is appropriate with respect to the size, complexity, and activities of the banking organizations that would be subject to the reporting requirements, both for the purpose of monitoring the safety and soundness of the individual institutions as well as for monitoring any systemic risk associated with their liquidity positions and liquidity management. Therefore staff does not anticipate recommending additional exemptions in the near future.

In summary, the Federal Reserve is adopting the following thresholds in response to the comments:

- The following entities would submit the FR 2052a:
 - U.S. BHCs designated as G-SIBs.
 - FBOs with U.S. broker-dealer assets over \$100 billion.
- The following entities would submit the FR 2052b:
 - U.S. BHCs (excluding G-SIBs) with total consolidated assets greater than \$50 billion (including FBO subsidiaries).
 - U.S. BHCs (not controlled by FBOs) with total consolidated assets of between \$10 billion and \$50 billion.
- For research purposes and anticipated future enhancements of the FR 2052a, additional ad-hoc reporting of items not included on the proposed FR 2052a would be requested of up to 16 respondents with a reporting schedule provided 30 days prior to the first data submission.

2. Consolidation

The proposed FR 2052a instructions indicated that FBOs would report for their consolidated U.S. operations as well as material entities managed from the United States. Some commenters asked that the Federal Reserve clarify how the proposed reporting requirements would apply to U.S. operations of FBOs. Commenters also requested that the Federal Reserve provide more specificity on which operations would be “material” U.S. operations and thus within the scope of the reporting requirements. A commenter recommended that the asset size of a U.S. broker-dealer subsidiary of an FBO that is required to report on the FR 2052b be given strong weight in determining whether the subsidiary should be treated as a material entity.³ One commenter requested that the Federal Reserve clarify whether a reporting FBO would be required to submit a single FR 2052a or FR 2052b that would include the entirety of the FBO’s U.S. operations within the scope, or if separate reports would be required for each entity, and further whether each reporting entity would be considered a material entity. This commenter noted that the submission of an all-inclusive report presents greater challenges and burdens to the institution than submission of separate reports for each material entity. This commenter further requested that, if the Federal Reserve requires a single filing, the FBO be given the option of having its material entities each file separately.

SR letter 10-06 established a general supervisory expectation that institutions should actively monitor and control liquidity risks at the level of individual legal entities, and the group as a whole, incorporating processes that aggregate data across multiple systems in order to develop a group-wide view of liquidity risk exposures. Therefore, banking organizations should have the reporting capability to cover the entirety of their U.S. operations as well as individual entities. However, FBOs will not be required to report the entirety of their U.S. operations on a consolidated basis at this time, in anticipation that many FBOs may reorganize their U.S. operations to form an IHC in connection with the implementation of Regulation YY. In addition, the liquidity positions and funding activities of each material entity are distinct, and funding is often segregated due to legal restrictions, so that supervisors would need the ability to monitor the liquidity of these entities separately. Thus the final reporting requirements have been clarified to note that FBOs must submit separate reports for each material reporting entity. FBOs with more than \$100 billion in U.S. broker-dealer assets are required to submit separate reports for each material entity in their U.S. operations and for their consolidated U.S. operations, excluding U.S. BHCs.

In addition, the final reporting requirements have been clarified to note that material entities (including material foreign branches) are entities that pose liquidity risk, provide liquidity support to, or depend on liquidity support from, affiliates. The Federal Reserve

³ One commenter observed that the draft instructions for the FR 2052a, which refer to filing requirements for the FR 2052b, did not reference the assets of a U.S. broker-dealer subsidiary as part of the criteria for identifying FR 2052b reporting FBOs and suggested that the omission was inadvertent. The commenter requested that the Federal Reserve set forth the scope of the FR 2052a reporting requirements in the final FR 2052a instructions rather than noting it in FR 2052b instructions. The final FR 2052 instructions include comprehensive requirements for each set of instructions, eliminating reference to other forms, as appropriate.

does not consider the asset size of the entity to be the determining factor of whether the subsidiary should be treated as material for purposes of liquidity risk monitoring. Institutions will be required to consult with supervisors to determine which entities are material for purposes of the liquidity reporting requirements.

The proposed FR 2052b instructions indicated that FBO branch network activities managed from the United States (e.g., activities in the Cayman Islands and Nassau) should be reported in the “consolidated tab.”⁴ One commenter requested that the Federal Reserve clarify whether these branch network activities are the same as what was referred to in the proposed instructions as “offices fully or partially managed by U.S.-based operations.” As noted above, FBOs that would have been within the proposed scope of application for the FR2052b are not required to submit reports on the FR 2052b under final reporting requirements. However, FBOs that are required to report on the FR 2052a should also report on their Cayman and Nassau branches. Cayman and Nassau branches will report under the final reporting requirements as stand-alone entities due to their role in funding transactions for U.S. operations.

One of the commenters asked for clarification on which offices outside the United States would be relevant for determining who is an “external counterparty.” This commenter also requested that the Federal Reserve confirm that intercompany transactions be eliminated regardless of the scope of the U.S. operations included in the reports. A commenter also requested confirmation that the assets of offshore branches managed or controlled by a U.S. branch or agency should not be included in the calculation of the \$50 billion threshold.⁵ In addition, a commenter also requested clarification as to whether the Board intends for covered companies to report FR 2052 data on a transactional or aggregate basis.

The Federal Reserve clarified the FR 2052a and FR 2052b instructions to note that, for FBOs, an “external counterparty” is a third party that does not have any relationship to the firm. For FBOs, intercompany transactions should capture transactions between the FBO’s U.S. entities and all affiliates globally. For FBOs, non-U.S. entities and related Cayman and Nassau entities are considered external counterparties. In general, non-U.S. entities are not required to report on the FR 2052 reports. However, as noted above, related Cayman and Nassau entities will report under the final reporting requirements as stand-alone entities. All other entities that are affiliated with the FBO, but are non-U.S. entities, are also considered external counterparties and are not covered by the reporting requirements.

For purposes of reporting on the U.S. “Consolidated” entity, as defined in the FR 2052a and FR 2052b instructions, transactions between entities within the consolidated framework will not be reported. However, transactions with external counterparties will be reported. In response to the comment on intercompany transactions, FBOs are not

⁴ Institutions should report total positions of the consolidated entity on the FR 2052b, e.g. top tier BHC.

⁵ FBOs with U.S. broker-dealer assets over \$100 billion that are required to submit the FR 2052a would have more than \$50 billion in non-branch and agency assets. As a result, the question of whether to include U.S. branch and agency assets is no longer relevant because no other FBOs would be subject to reporting requirements at this time.

required to report transactions between the entities within the consolidated framework. As noted above, U.S. BHCs controlled by FBOs are considered to be individual reporting entities and, as such, transactions between U.S. “Consolidated” entities and U.S. BHCs will be reported. Outside of the “Consolidated” entity report, individual reporting entities as defined for the submission will report all transactions between other entities as well as external third party transactions. In addition, companies should report the FR 2052a and FR 2052b data on an aggregate, rather than transactional basis. The Federal Reserve clarified the FR 2052a and FR 2052b instructions to note that eliminating intercompany transactions entirely would not present an accurate depiction of a reporting firm’s liquidity profile.

3. Transitions between FR 2052a and FR 2052b

One commenter requested clarification of the reporting criteria threshold and timeframe when an FBO transitions from the FR 2052b report to the FR 2052a. The commenter further requests that the Federal Reserve clarify whether an FBO that begins filing the abbreviated FR 2052a would be permitted to transition back to filing the FR 2052b if the assets of its U.S. broker-dealer subsidiary falls below the \$100 billion threshold.

The Federal Reserve clarified the FR 2052 a and FR 2052b instructions to note that once an FBO or a U.S. BHC reaches or exceeds the threshold and begins filing a particular FR 2052 report, it should continue to file that FR 2052 report going forward unless the total U.S. assets of the FBO or the total consolidated assets of the U.S. BHC subsequently fall to and consistently remain below the threshold for four consecutive quarters. This is similar to the calculation methodology for determining when an institution is subject to the enhanced prudential requirements under Regulation YY.⁶

B. Implementation Schedule and Frequency of Reporting

1. Implementation Schedule and Submission Deadlines

The Federal Reserve proposed the following implementation schedule:

- U.S. G-SIBs reporting on the FR 2052a would report daily, submitting their first report on January 3, 2014, with an initial as-of date of December 31, 2013.
- FBOs reporting on the FR 2052a would report the complete FR 2052a on occasion and an abbreviated FR 2052a twice a month, submitting their first report on January 17, 2014, with an initial as-of date of January 15, 2014.
- U.S. BHCs (excluding G-SIBs) with total assets of greater than \$50 billion reporting on the FR 2052b would report monthly, submitting their first report on January 10, 2014, with an initial as-of date of December 31, 2013.

⁶ See 79 FR 17240 (March 27, 2014). FBOs or U.S. BHCs that reach the relevant threshold as of June 30, 2014 for one of the FR 2052 reports must begin reporting going forward. Generally, supervisors will review the reporting status of a banking organization during the examination process.

- U.S. BHCs with total assets of \$10 billion to \$50 billion would report on the FR 2052b quarterly, submitting their first report on July 10, 2014, with an initial as-of date of June 30, 2014.
- FBOs with total U.S. assets greater than \$50 billion and less than \$100 billion in U.S. broker-dealer assets would report on the FR 2052b on occasion.

Several commenters raised concerns that there would be insufficient time to implement the reporting requirements, observing that much of the required data lies outside the systems currently used for regulatory reporting. The commenters asserted that enhancing internal systems to include additional data elements takes time in order to secure internal funding for new systems, develop the systems required, and source the data elements and ensure they are in a properly controlled environment. They also noted that implementation would not be able to begin until the scope of reporting has been clarified and specific requirements have been finalized. One commenter also claimed that development of new systems are in suspension in connection with undertaking regular year-end reporting, which would make it more difficult to meet the proposed timeframe. While some commenters requested additional time for implementation of the requirements, one commenter requested that the Federal Reserve suspend implementation of the FR 2052a permanently and focus on anticipated new liquidity reporting requirements that will reflect the anticipated final liquidity regulations, or in the alternative, delay implementation until December 31, 2014, to permit organizations additional time to address new reporting and certification requirements. This commenter also requested that the Federal Reserve revise the proposed reporting time deadlines for daily reports and for the certified month-end report. Another commenter requested that to the extent the Federal Reserve intends for the FR 2052 reports to be complementary to the information required by anticipated liquidity regulations, the Federal Reserve consider delaying the effectiveness of the information collection until the liquidity regulations (including relevant definitions) have been finalized and reporting requirements related to the liquidity regulations have been published for comment.

One commenter noted that the draft FR 2052a instructions do not discuss the “as-of” date that applies to the FR 2052a report, nor do the draft instructions specify the first submission date for either the FR 2052a or FR 2052b reports. The commenter requested that the final instructions provide this information. One commenter requested that the Federal Reserve provide a rationale for requiring submission of the first abbreviated FR 2052a two days after the proposed January 15, 2014, as-of date or for requiring such reporting on a twice-a-month basis. This commenter also suggested phasing in the reporting requirement by initially requiring submission of the FR 2052a on a monthly basis then increasing to twice-a-month reporting. One commenter stated that it does not believe the proposed 30-day lead-time for new ad-hoc reporting requirements will be sufficient.

The Federal Reserve notes that these reports will replace liquidity data that is currently collected with an expanded and more standardized data collection. The Federal Reserve believes that much of the FR 2052a and FR 2052b data are already being collected for most of the covered institutions with a similar submission date, on a similar frequency.

However, because the FR 2052b is substantively more expansive than data currently collected from large and regional institutions and to reduce reporting burden on the institutions, the first monthly submission date will be December 15, 2014, for data, with an as-of date of November 30, 2014 and the first quarterly submission date will be January 15, 2015, for data, with an as-of date of December 31, 2014. The proposed 30-day lead-time for FR 2052a ad-hoc reporting will be retained as proposed. As discussed above, the Federal Reserve believes the requested data should be readily available in the systems of reporting institutions and therefore the 30-day lead-time should be sufficient for institutions to produce the reports. Due to administrative oversight, the proposed as-of dates and submission dates were provided only in the FR 2052 OMB supporting statement.

FBOs that do not currently report liquidity data similar to what is required on the FR 2052a and FR 2052b would have to build new reporting systems to comply with the proposed requirements. As noted above, the Federal Reserve modified the scope of FBO reporting to help alleviate reporting burden. To the extent individual U.S. BHCs that are subsidiaries of FBOs and that meet the threshold for application of the final reporting requirements have not been regularly submitting similar liquidity information to its supervisors, the Federal Reserve will consider individual requests for extensions of time prior to the first required submission, in order to allow institutions to submit the reports without undue burden.

One commenter noted that while the firms required to file the proposed FR 2052a may have the systems, processes, and capabilities to provide relevant data on a daily basis, monthly FR 2052b filers may not be similarly situated and may be unable to aggregate and submit the required data only 10 days after it is collected, as required by the proposal. This commenter noted that companies would likely be in a position to populate the monthly FR 2052b using archived data that may not be available until the 15th day of each month and requested that covered companies be permitted to submit the monthly FR 2052b on the 20th day of each month. The Federal Reserve notes that institutions have been submitting similar liquidity information between 10 and 15 calendar days after the cut-off date every month. As such, the Federal Reserve continues to believe that 15 calendar days is a reasonable timeframe for institutions to submit FR 2052b reports.

Two commenters requested that, in order to reduce operational burden, submissions be structured as “off-cycle” or on non-quarter-end months so that it would not coincide with the timing of other regulatory reporting and that they be based on data collected and submitted during the second quarter of the calendar year. The Federal Reserve believes that “off-cycle” reporting of liquidity data would be inconsistent with the objectives of the data collection. Information gathered on the FR 2052 forms will serve as part of the Federal Reserve’s supervisory surveillance program for liquidity risk management and provide timely information on firm-specific liquidity risks during periods of stress. The Federal Reserve believes the data collection is a critical component of the Federal Reserve supervisory process and would not be available through existing regulatory reports. Moreover, many of the firms that are subject to the reporting requirements have been providing substantively similar information to supervisors on a regular basis.

Therefore, the Federal Reserve believes that the FR 2052 reporting could not be effectively imposed “off-cycle”.

Because the process for finalizing the reporting requirements has extended beyond the proposed implementation dates and to respond to concerns raised by commenters, the Federal Reserve has adopted the implementation schedule set forth below. This modified implementation schedule should reduce burden and allow sufficient time for respondents to modify or refine their systems in order to meet the reporting requirements:

- U.S. G-SIBs must file their first FR 2052a submission by September 15, 2014, with an initial as of date of September 11, 2014.
- U.S. BHCs (excluding G-SIBs) with total consolidated assets of greater than \$50 billion must file their first FR 2052b submission by December 15, 2014, with an initial as of date of November 30, 2014.
- U.S. BHCs (not controlled by FBOs) with total consolidated assets of between \$10 billion and \$50 billion must file their first FR 2052b submission by January 15, 2015 with an initial as of date of December 31, 2014.
- FBOs with U.S. broker-dealer assets greater than \$100 billion must file their first abbreviated FR 2052a by September 15, 2014, with an initial as of date of September 11, 2014. These FBOs file a complete FR 2052a on occasion, with advanced notice from supervisors.
- FR 2052a ad-hoc reports will be provided with a reporting schedule 30 days prior to the first data submission.

SR letter 10-06 established the general expectation that institutions may be required to provide the daily computation of regular liquidity risk reports and supplemental information to supervisors as conditions warrant, through the examination process. More frequent and detailed reporting may be necessary for effective supervision during times of increasing liquidity stress. As such, the Federal Reserve reminds institutions that the Federal Reserve may adjust the frequency of liquidity reporting as market conditions and supervisory needs in order to carry out effective continuous liquidity monitoring. If institutions (domestic or foreign) are asked to report additional data due to heightened supervisory needs, the notification may be sent to the firm less than 30 days in advance and the data collection would be expedited.

2. Frequency of Reporting

One commenter requested that the Federal Reserve specify the required frequency of reporting in the instructions. A commenter requested that the Board clarify whether it contemplates requiring submission of a complete FR 2052a on a more frequent basis based on the circumstances of a particular FBO or market conditions. The commenter requested that the Board provide these FBOs with adequate advanced notice and that the Board accept these reports on an uncertified basis. A commenter stated that it would be appropriate to base annual FR 2052b reporting on the same timeframe as the submission of the complete FR 2052a for FBOs.

The Federal Reserve clarified the FR 2052a instructions to note that FBOs with U.S. broker-dealer assets over \$100 billion will submit the complete FR 2052a on occasion, after 30 days prior notice from supervisors. The Federal Reserve clarified the FR 2052a instructions to note that “on occasion” reporting would not necessarily result in annual reporting. The Federal Reserve may request FBOs to complete the FR 2052a more or less often than once a year as part of specific supervisory review or changes in liquidity risk positions. A request for a complete FR 2052a report would be sent to reporting institutions at least 90 days in advance. Appropriate frequency of reporting is important to ensure that supervisors receive timely information about the liquidity risk and position of banking organizations commensurate with their risk profile and activities. Due to the complexity, differences in the size of reporting institutions, as well as the differences in the supervisory programs, the Federal Reserve believes that synchronizing the submissions of the FR 2052a and FR 2052b would not be appropriate and is adopting the proposed reporting frequency, as described above. Additionally, the Federal Reserve notes that the proposed frequency of reporting coincides, in many cases, with liquidity information already provided to supervisors, which should result in a minimal to modest increase in burden.

C. Certification Requirements and Confidentiality

1. Certification Requirements

The Federal Reserve proposed that daily data submissions on the FR 2052a would be provided on a best-efforts basis; however, the month-end submission would be required to be certified. FBOs submitting the FR2052a abbreviated report twice a month would not have been required to certify those submissions, but would have been expected to certify the complete FR2052a that is submitted on an occasional basis. The FR 2052b reports submitted monthly, quarterly, and on an occasional basis would have been required to be certified.

Two commenters expressed concerns about the costs associated with certification, which may further increase the burden on institutions. One of these commenters noted that these costs are difficult to estimate due to an imprecise understanding of the requirements and that the estimated costs may be greatly increased if the certification process needs to be automated and institutionalized. Lastly, two commenters requested that the certification cover only items that are historical in nature and that forward-looking information will either be exempt from certification or that the instructions note that any forward-looking information and estimated data will reflect reasonable accuracy. One of these commenters requested that, if certification covers the entire report, the Federal Reserve include cautionary language regarding forward-looking information similar to that used in reports submitted to the Securities and Exchange Commission.

Several commenters requested that the certification process be delayed until institutions fully understand the new reporting requirements and are able to build and refine their reporting infrastructure to resolve ambiguities and implement control procedures. In addition, one commenter requested that the Federal Reserve extend the certified report

submission time for G-SIBs to accommodate firms on the West Coast. Another commenter recommended that the timing for submission of certified reports be extended toward the end of the month because the comparison point for certification would not yet be completed by the 10th calendar day. One commenter suggested that the Federal Reserve consider phasing in the certification requirement to take into account the different reporting capabilities of different covered companies. Another commenter suggested that the introduction of new requests not be integrated into, or subject to, certification requirements of the FR 2052a until organizations have been given a reasonable amount of time to implement new reporting protocols for the new data elements.

With regard to the certification instructions, one commenter requested that the certification requirements and the precise language of the certification be set forth directly in the relevant reporting instructions. The commenter recommended that the standard for submission of uncertified reports be set forth directly in the instructions to each form and that this standard call for the submission of “reasonable estimates” on a “best efforts” basis. This commenter also requested that the Federal Reserve clarify the identity of the individual required to certify the reports.

The Federal Reserve removed the proposed certification requirements for FR 2052a and FR 2052b reports at this time. The reporting requirements are new and based on information submitted to supervisors through new systems. Furthermore, as discussed above, the Federal Reserve anticipates revising the reporting requirements in the near future, which would require additional systems changes. Therefore, the Federal Reserve believes that the additional operational burden that may be imposed as part of a certification requirement would likely be of limited benefit at this time. Institutions will be expected to submit high quality data without any material errors. The Federal Reserve notes that it is a federal violation to enter false information in a BHC’s reports with the intent to defraud or deceive the Board.⁷

2. Confidentiality

One commenter requested that the final instructions address the confidentiality of the FR 2052 reports. The commenter also requested clarification of which items would be considered individual financial information, and thus protected as confidential supervisory information, and which items would be considered institution information and thus protected as trade secrets or commercial or financial information. This commenter also requested that the Federal Reserve clarify why all items are not protected as confidential supervisory information. The Federal Reserve notes that because the information collected on the reports is used for supervisory monitoring, all information submitted by respondents would be treated as confidential supervisory information and has clarified the final instructions.

D. Burden and Alignment with Existing Information Collections

⁷ See 15 U.S.C § 1005.

One commenter estimated that the man hours per year that would be required to produce the required information would be 6,000 man hours more than the estimate provided by the Federal Reserve. The commenter also estimated that gains from automation would reduce the effort to 2,000 man hours per year. The commenter estimated that it would incur approximately \$2.5 million for IT development, \$600,000 to run a tactical reporting solution for the first year and an ongoing \$200,000 per year for staff to improve systems to comply with the FR 2052 reports. The commenter noted that these costs are incremental to those that will be incurred if the *Report of Selected Money Market Rates* (FR 2420; OMB No. 7100-0357) reporting is implemented as proposed. Another commenter asserted that the cost involved with the proposed data collection would be almost double what was estimated in the proposal. In response, the Federal Reserve has increased the ongoing burden and cost estimates, adding implementation costs, for both the FR 2052a and FR 2052b.

Several commenters raised concerns about the additional burden imposed by the proposed reporting requirements. The commenters asked whether the FR 2052 reports would be additional reports, or if they would replace the current supervisory liquidity data requests. Another commenter observed that there are inconsistencies between the data points proposed to be collected by the FR 2052a and noted that supervisors have regularly requested and questioned whether these differences were intentional. As mentioned above the FR 2052a and FR 2052b reports would replace current supervisory data requests for similar information and any differences between the proposed reporting forms and past supervisory requests were intended.

A commenter requested that the Federal Reserve clarify whether the scope of the U.S. operations that should be included in the FR 2052a report equates with the scope of the U.S. operations that FBOs will be required to report on the recently revised Form FR Y-7Q (OMB No. 7100-0125). The Federal Reserve reviewed the FR 2052a and the FR Y-7Q and concluded that in general, the FR 2052a does not align with the FR Y-7Q or other regulatory filings. The Federal Reserve notes that information collected on the FR Y-7Q is used to assess an FBO's ability to be a continuing source of strength to its U.S. banking operations and to determine compliance with U.S. laws and regulations. The FR 2052 reports require a different combination of financial information to assist supervisors in effectively monitoring the liquidity position and risk management of significant U.S. operations of FBOs.

One commenter requested that the Federal Reserve take steps to avoid the imposition of duplicative and redundant liquidity reporting requirements. Another commenter requested that the Federal Reserve consider the cumulative impact of the various data collection initiatives and reporting requirements to which FBOs are or potentially will be subject, observing that these institutions face substantial practical challenges in developing and implementing the systems and governance mechanisms needed to comply with the various reporting requirements. The commenter observed that many of the FBOs subject to this proposal also control U.S. bank holding company subsidiaries that are now subject to new requirements to file the *Capital Assessments and Stress Testing* information collection (FR Y-14; OMB No. 7100-0341) and the *Banking Organization Systemic Risk Report* (FR Y-15; OMB No. 7100-0352), which demand time and

resources, and noted that the same personnel involved in this reporting would also be involved in the FR 2052 reporting process.

Several commenters asked whether the proposed liquidity reports would align with recent rulemakings, such as the proposed LCR and Regulation YY, and raised concerns about potential burden implications if the reports were not aligned with those regulations. Two commenters requested that the Federal Reserve clarify the relationship between the FR 2052 reports and future reporting requirements related to the LCR proposal. Several commenters expressed concern that certain terminology and definitions in the FR 2052 reports do not fully align with the LCR proposal and that they may incur material initial set-up expenses to upgrade their systems while the proposal is still in the rulemaking process. Commenters requested that the Federal Reserve ensure that definitions and instructions align with current reporting requirements as well as the new proposals, and one commenter requested that the Federal Reserve clarify the basis for divergence between the categorization schemes in the FR 2052 reports and the proposed LCR.

A commenter requested clarification of the intended relationship between the proposed reports and any anticipated liquidity stress testing reporting that would be required with respect to Regulation YY, including the degree to which it is contemplated that the items included in the FR 2052 reports would be included in the determination of the liquidity buffer as reported pursuant to that rule. This commenter noted that with respect to the proposed IHC requirement in Regulation YY, it believes newly created IHC's would be "material entities" that would be within the scope of the FR 2052 reporting requirements. This commenter also anticipates that formation of an IHC will require modifications to reporting systems and governance structures and processes put in place under the proposal or the development of new systems structures and processes.

As discussed above, the Federal Reserve has reviewed the regulatory burden, including reporting requirements, and subsequently modified the scope of application. The Federal Reserve notes that the FR 2052 forms are supervisory data collections to monitor the liquidity risk and positions of the banking organizations that would be subject to the requirements. In addition, the reporting forms as proposed were not intended to align directly with regulatory requirements that are, or have been, in development and that are not fully implemented. The Federal Reserve notes that any future FR 2052 reporting requirements to ensure consistency with the final LCR rule and Regulation YY as fully implemented would be proposed at a later date. As discussed above, material entities would be defined in the FR 2052 as entities that pose liquidity risk, provide liquidity support to, or depend on liquidity support from affiliates.

Further, the Federal Reserve believes that other data collections mentioned as potentially duplicative by commenters, such as the Federal Financial Institutions Examination Council (FFIEC) *Consolidated Reports of Condition and Income* (Call Reports) (FFIEC 031 & 041; OMB No. 7100-0036), or the *Consolidated Financial Statements for Holding Companies* (FR Y-9C; OMB No. 7100-0128), do not provide sufficient granularity or classification structures needed to provide an in depth view of a firm's liquidity profile. Furthermore, the Federal Reserve notes that FR 2052 data will be shared with the Office

of the Comptroller of the Currency and the Federal Deposit Insurance Corporation (FDIC) to prevent potential duplicative data requests from those agencies.

One commenter noted that the “Asset Category Table” in Appendix B to the FR 2052a instructions identifies various categories of collateral for purposes of classifying and reporting securities finance transactions. The commenter asserted that these categories are not used in the financial services marketplace, thus making compliance complex and confusing. The commenter recommended that the Federal Reserve use a more generic categorization scheme that conforms to existing regulations and market practice, and aligns the definitions among various information collections. The Federal Reserve acknowledges that the categories of collateral in Appendix B are not standard terms; however, institutions are using those categories in the current data submission and any further modification may pose a significant burden to those institutions. The Federal Reserve notes that, where appropriate, the terminology or categories in future FR 2052 reports would be made consistent with other regulatory reports; however, difference may still exist due to data definitions. As discussed above, other regulatory reports do not provide sufficient granularity or the classification structure needed to provide an in depth view of liquidity.

A commenter observed that there appear to be redundancies between the FR 2052a and FR 2052b and the FR 2420. A commenter claimed that the FR 2420 report poses a significant burden, especially to institutions required to submit the daily FR 2052a report, and suggested that the Federal Reserve adopt a reporting template that meets its needs across its market and supervisory functions and that it use this as baseline data during regulatory examinations. The Federal Reserve recognizes the potential for overlap or duplicated data between the FR 2420 and FR 2052 with respect to several line items. However, the FR 2420 and FR 2052 reports are, or would be, issued under separate, non-overlapping authorities where the purpose and use of the reports are also completely separate. Therefore, the Federal Reserve will retain the FR 2052a “Funding Pricing” information (section 16) and will endeavor to reduce reporting burden wherever possible in the future. As such, the Federal Reserve has removed from the FR 2052b the “Wholesale Funding Pricing” information (section 20) to alleviate reporting burden and because the Federal Reserve not believe collecting this information from FR 2052b filers is essential for monitoring their liquidity risk.

E. Ad-Hoc Reporting and Future Anticipated Initiatives

Three commenters requested clarification on the implementation and advanced notification of the ad-hoc requests. Commenters also requested that the Federal Reserve clarify its expectations as to the standard to which reporters will be held when providing responses, and also inquired as to certification requirements of ad-hoc requests. One commenter also noted that it was unclear whether there was a relationship between the FR 2052a report, the ad-hoc reporting, the quantitative impact study (QIS)⁸ process, and supervisory requests for liquidity information. One commenter requested that the Federal

⁸ Basel Committee on Banking Supervision (BCBS) quantitative impact study (QIS) for the international version of the Liquidity Coverage Ratio (LCR).

Reserve clarify the scope of operations that must be included in response to each ad-hoc request. This commenter stated that introduction of any new data requests should be determined after consultation with the industry and consideration of the volume and complexity of the new requests. One commenter requested that any ad-hoc requests be subject to a notice and comment process.

The Federal Reserve notes that the initial *Federal Register* notice requested comment on the Federal Reserve's intention to make ad-hoc requests, included the approximate number of burden hours that would be involved, and indicated that institutions would be given notice prior to the collection with an opportunity to respond. As proposed, the Federal Reserve will make requests for additional liquidity risk information on an ad-hoc basis, used to develop modifications to the FR 2052a for future proposals. The Federal Reserve believes these potential modifications could allow for more comprehensive and effective liquidity risk monitoring going forward and assist with aligning the reports with any final LCR regulations, as appropriate. The Federal Reserve notes that the construct of the Basel QIS template is different than the FR 2052a. Although there are some similar data elements utilized in the Basel QIS and the FR 2052a, the methodology and definitions for the Basel QIS has changed to reflect the Basel III Revised Liquidity Framework.⁹

Furthermore, the scope of the ad-hoc requests would be tailored to individual institutions. For domestic BHCs, it would include global operations with a separate report for material legal entities. For FBOs it would include U.S. operations of the FBO with separate reports for the material legal entities. Material entities in both cases would be defined as entities that pose liquidity risk, provide liquidity support, or depend on liquidity support from affiliates. In response to any new data requests and ad-hoc requests, the Federal Reserve anticipates revising the FR2052a to incorporate additional liquidity reporting requirements as they are developed with observations gained from the ad-hoc reporting. Thus, the ad-hoc reporting process will be implemented as proposed.

Specific Data Item Comments

Definitions

There were various questions from commenters regarding definitions or requests for expanded instructions. Most of the questions related to line item definitions in the FR 2052 reports and a few questions related to sizing of material entities for liquidity reporting. In response, the Federal Reserve reviewed data definitions and have adjusted or clarified data items and associated instructions, as appropriate. As discussed above, definitions used on the reports would align with other U.S. rules as they are finalized to minimize any potential overlap. Also, the Federal Reserve notes that some data items in the proposed FR 2052b form are not reported through the current collection of the Large and Regional Institutions Liquidity Monitoring Report, such as "Deposit Balances" and "Undrawn Commitments and Contingent Liquidity Needs." Therefore, the Federal Reserve is temporarily exempting FR 2052b filers from reporting most of the "Deposit Balances" and entire "Undrawn Commitments and Contingent Liquidity Needs"

⁹ "Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools" (January 2013), available at <http://www.bis.org/publ/bcbs238.htm>.

sections¹⁰ until the proposed LCR is finalized, at which time the Federal Reserve anticipates proposing that the FR 2052b instructions for these data items be modified to closely align with a final LCR rule.

One commenter requested clarification on whether data item FHLB Borrowing (item 2.20 in the FR 2052a, and 5.1 in the FR 2052b) should be reported at book value or par value. The Federal Reserve clarified the instructions to note that FHLB Borrowing should be reported as the amount of borrowing outstanding based on remaining contractual maturity. This definition is similar to the definition of Federal Home Loan Bank Advances in item RC-M 5.a of the FFIEC 031 and 041 (Call Reports).

One commenter requested clarification on whether Long Term Debt Structured, Not Structured, and Govt. Supported (items 8.4-8.6 in the FR 2052a, and 7.3 in the FR 2052b) should include any fair value hedges associated with long-term debt, in order that the debt would be reported at fair value, not face value. The Federal Reserve clarified the instructions to note that institutions should not include fair value hedges in the reporting of long-term debt so that the debt is reported at fair value. Values reported as Long Term Debt Structured, Not Structured and Govt. Supported (items 8.4 through 8.6 in the FR 2052a, and 7.3 in the FR 2052b) should represent the undiscounted cash repayment obligation due, and should be reported in the maturity column that corresponds with the timing of the contractual repayment obligation. In addition, if specific derivative transactions, excluding those related to fair value hedging, have cash flow characteristics equivalent to long term debt (e.g., a bullet cash repayment obligation at maturity) and are classified as debt under U.S. Generally accepted accounting principles, institutions should report the cash repayment obligation associated with the derivative in the appropriate maturity column.

FR 2052b Items

One commenter requested that the Federal Reserve confirm that an FBO would limit its responses to the information requested in the consolidated reporting tab and not provide any of the information requested in either the parent company only or contingency-pricing reporting tabs. As noted above, FBOs that do not meet the FR 2052b criteria are not required submit the FR 2052b report.

A commenter requested clarification on the specific types of transactions included in section 6¹¹ of the FR 2052b, and whether customer and counterparty repurchase transactions, which may have different behavioral characteristics, should be reported in separate line items. One commenter suggested that section 6 segregate repurchase transactions that are a part of a customer relationship where deposit balances in excess of customer needs are swept into a repurchase transaction. The commenter stated that this would distinguish between wholesale repurchase agreements initiated by a bank with a large counterparty to meet overall funding needs and repurchase transactions that arise during the ordinary course of business through customer needs. Another commenter noted that many firms that would be required to file the FR 2052b engage in relatively low volumes of repurchase and reverse repurchase transactions and do not have the

¹⁰ At this time, respondents that file the 2052b are not required complete line items 10.1 through 10.3, and items 12.1 through 12.5.

¹¹ Section 6 “Repurchase Transactions” in Consolidated Tab.

system capabilities to report those transactions with the granularity required by the information request. The commenter requested that the Federal Reserve consider exempting firms that would be required to file the FR 2052b that engage in de minimis amounts of these transactions or consider a more tailored approach that would not impose significant cost for lower benefit. The Federal Reserve recognizes the difference in profile of such transactions, but does not believe the difference is significant enough to justify creating two categories. Furthermore, the Federal Reserve recognizes not all firms that would be required to file the FR 2052b engage in significant amounts of repurchase and reverse repurchase transactions and that the monitoring of the activity is relevant to the liquidity monitoring of the firms. Having considered the comments carefully, the Federal Reserve believes that the granularity required in Section 6 is appropriate.

One commenter requested clarification on whether to report Secured Deposits (item 5.3) in FR 2052b net of deposits covered by FDIC insurance. The Federal Reserve clarified the FR 2052b instructions to note that an institution should report only the portion of public deposits that are secured by collateral. For example, if a portion of a deposit account is covered by FDIC insurance, and thus not secured by collateral, institutions should not include that portion of the deposit in Secured Deposits.

Several commenters requested clarification on the reporting of loans and leases (items 4.1 through 4.9) in the FR 2052b that could be monetized within a reasonable period. First, commenters requested that the Federal Reserve clarify where to report loan amounts that may be eligible to be pledged to the FHLB or Federal Reserve, but have not been pledged, and thus no actual borrowing capacity yet been created. The Federal Reserve notes, as specified in the instructions, that reported amounts would be limited to collateral-based borrowing capacity actually created (assets already pledged), and companies would not include assets based only on the fact that they could create borrowing capacity at the FHLB or Federal Reserve in the FHLB and Central Bank Borrowing columns. Firms required to file the FR 2052b are welcome to report the potential secured borrowing capacity of such assets in the “notes” section or in the “Available for Sale, Securitization and/or Repo” section if the loans could reasonably be expected to create such capacity within a reasonable amount of time, generally in 3 months or less.

One commenter suggested it could be overly burdensome to establish an accurate market value for loan and lease assets that should be valued for inclusion in the “Available for Sale” or “Other Secured Financing” columns. The proposed instructions for the FR 2052b definition state that “the market value can be interpreted as the book value less a haircut for the sale.” The Federal Reserve modified the FR 2052b definition to note that the haircut applied to loans and leases can be based on readily available market-based metrics for the general asset type. For example, publicly available loan and lease haircuts provided by the FHLB or Discount Window could be used as a benchmark as a reasonable estimate. The expectation is not that a bank’s entire loan book be valued and included in section 4, rather, that reporting be limited to those assets targeted for potential monetization within a 90-day period, under normal market conditions.

One commenter requested clarification regarding the method required to calculate the lendable value of unencumbered securities (items 3.1 through 3.9) in the FR 2052b. The commenter has noted that determining the “Lendable value” would be dependent upon the

source providing liquidity for the security. The Federal Reserve believes that some judgment is involved as assets can be utilized in multiple different markets. Lendable value should be a combination of the market value less applicable ‘haircuts.’ Haircuts should consider factors such as liquidity, credit and market risks of the securities, firm specific sources available for securitized borrowing, current market haircuts and firm specific factors which may decrease or increase current market haircuts.

Two commenters noted that it is impractical for mid-sized banks to report pricing on unsecured funding issued and outstanding such that banks would report pricing on that debt over its life through maturity (section 21 of the FR 2052b). One of these commenters recommended that the requirement for banks with total consolidated assets less than \$50 billion to provide a funding curve be eliminated. Another commenter recommended that this section ask for indications for unsecured wholesale term debt transactions only. The Federal Reserve recognizes the challenges of calculating weighted average funding in a wide time horizon (section 20 of the FR 2052b) and has modified the maturity bucket in the unsecured funding pricing section to 5 years.

Other Items

Two commenters noted that it is not easy for institutions with assets between \$10 billion and \$50 billion to segregate the categories of retail, Small and Medium Enterprises (SME), financial institution, and non-financial institution, and requested confirmation that reasonable segmentation approaches would be sufficient for these institutions (section 10 of the FR 2052b). One of these commenters also noted that the requirement to identify stable versus less stable deposits may require data not widely available at institutions of this size. A commenter requested that this flexibility be included in the instructions for mid-sized institutions as it could reduce implementation expense. The commenter recommended that these mid-sized banks be allowed to satisfy the requirements on a best efforts basis through reasonable use of their existing deposit product and existing line of business or segment reporting definitions without the penalty of defaulting to the worst category. The commenter also requested clarification of the meaning of interest in the category of “term deposits with a withdrawal penalty greater than loss of interest” and recommended that a more comprehensive definition of the withdrawal penalty criteria be provided. The Federal Reserve notes that some sections and data items in the proposed FR 2052b are not collected through the current version of the Large and Regional Institutions Liquidity Monitoring Report, such as “Deposit Balances” and “Undrawn Commitments and Contingent Liquidity Needs.” Therefore, as mentioned above, the Federal Reserve is temporarily exempting FR 2052b filers from reporting most of the “Deposit Balances” and the entire “Undrawn Commitments and Contingent Liquidity Needs” sections¹² until the proposed LCR is finalized, at which time the Federal Reserve anticipates the FR 2052b instructions for these data items would be proposed for modification to closely align with a final LCR rule.

One commenter noted that banks with less than \$50 billion in total consolidated assets may not have an existing reporting infrastructure to measure the segregations of unfunded commitments precisely as defined (section 12 of the FR 2052b). The Federal Reserve observes that the proposed definitions in the FR 2052b did not explicitly address the case of comingled facility types. The commenter recommended that the FR 2052 reporting forms,

¹² FR 2052b filers will not be required fill out items 10.1 through 10.3, and items 12.1 through 12.5 at this time.

proposed LCR and other liquidity-related regulations share an equivalent and more detailed definition of liquidity facility. The commenter recommended that the Federal Reserve avoid encouraging a blending of liquidity and credit facilities into a single facility categorization. The commenter also recommended that the Federal Reserve allow flexibility for mid-sized organizations in reporting SME versus commercial. This commenter requested that mid-sized organizations be permitted to use a manual tracking process or be provided upfront investment in training and infrastructure to track the exposures by category. Another commenter noted that undrawn credit facilities and undrawn liquidity facilities are not mutually exclusive product categories provided to clients and that it may be impossible to distinguish between them (section 12 of the FR 2052b). The commenter requested that the Federal Reserve provide further guidance on undrawn commitment segmentation and also allow permit the institutions the flexibility to categorize commitments based on either existing line of business segmentation or existing data at that institution. The Federal Reserve agrees with the comments and, as mentioned above, is temporarily exempting FR 2052b filers from reporting the entire “Undrawn Commitments and Contingent Liquidity Needs” section until the proposed LCR is finalized, at which time the Federal Reserve anticipates that modification of the FR 2052b instructions for these data items would be proposed to closely align with a final LCR rule.

Board of Governors of the Federal Reserve System, August 11, 2014.

Robert deV. Frierson
Secretary of the Board.

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